



A Critical Assessment of the Swarnajayanti Gram Swarojagar Yojana in India



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Abstract

The present study is a critical assessment of Swarnajayanti Gram Swarojagar Yojana (SGSY), a national level anti-poverty program of the government of India with regard to poverty eradication and women's empowerment. Though the SGSY scheme focuses only on poverty reduction and does not have explicit gender equality objectives, however, number of women members and women Self-help groups are encouraged to be linked with this program than men. The Ministry of Rural Development, Government of India, constituted a committee on credit-related issues under SGSY to analyze the constraints in the adequate flow of credit to Self-help groups of SGSY and to suggest measures and strategies for promoting effective credit linkages to the SHGs and made two strategies of universalization coverage of SHGs assisted by bank credit and providing skills at least to one youth of a Below Poverty Line (BPL) family necessitates restructuring of SGSY.

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1. Introduction

Badodiya et al. (2016), India had experimented with numerous self-employment programmers. These were modified, consolidated and integrated into Swarna Jayanti Gram Swarojgar Yojana (SGSY) in April 1999. Since then, SGSY has made rapid progress over time covering more than 31 lakh Self Help Groups (SHGs). Shylendra & Bhirdikar (2005), Sud (2003), however, only 22 percent of the SHGs were provided with bank finance for undertaking income generating activities including micro-enterprises. What is worse, the bank assistance was abysmally low leading to a low level of investment activity. This shortcoming has been attributed to the failure of public intervention to enhance the credit absorption capacity of SHGs as well as to the failures of credit delivery systems to reach the poor. Burra et al. (2005), Since most of the SHGs, were engaged in low technology and less productive traditional activities, the income gains to SHGs were very meager. Hence, SGSY had not been able to make a substantial impact on the living standards of the swarojgaris. The proposed two-pronged strategy of universalization of coverage of SHGs with

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doubling the proportion of SHGs assisted by bank credit and providing skills at least to one youth of a Below Poverty Line (BPL) family necessitates a restructuring of SGSY. There is also a need to strengthen the capabilities of the poor for bringing them into the mainstream of development as active partners.

Chakrabarti (2002), It is in this context, the Ministry of Rural Development (MoRD), Government of India (GOI), constituted a Committee on Credit Related Issues under SGSY in April 2008 to analyze the constraints in the adequate flow of credit to SHGs of SGSY and to suggest measures and strategies for promoting effective credit linkages to the SHGs (vide MoRD Letter No. 1-12011/5/08-SGSY-Credit). The Committee is mandated to analyze innovative experiments initiated by the government as well as Non-Government Organizations (NGOs), and also examine the issue of provision of interest subsidy in place of capital subsidy. Chakraborty (2007), Santha & Vasanthagopal (2008), the members of the Committee comprised of government functionaries dealing with rural development both from the Centre and States and representatives of the Planning Commission, Reserve Bank of India (RBI), National Bank for Agriculture and Rural Development (NABARD) and State Bank of India (SBI). The Chairman of the Committee invited Prof. G. S. Bhalla, Prof. D. Narasimha Reddy, and Dr. S. L. Shetty to be co-opted members of the Committee.

2. Research Methods

The present study applied the qualitative methods. All data is analyzed descriptively. It is used a paraphrase to explain, elaborate, and explore regarding the phenomenon belonging. The conclusion is the last remarked based on the previous discussion and result.

3. Results and Analysis

3.1 Coverage of SGSY

Nearly 31 lakh SHGs were formed over a period of ten years since 1999 Out of them, 20 lakh obtained the status of Grade I and 9.5 lakh Grade II. But only about seven lakh SHGs could obtain credit for undertaking economic activities. Thus the proportion of SHGs taking up economic activities financed by bank credit and supported by subsidy was only 22 percent. The programmer since inception assisted 1.06 crore swarojgaris. The social composition of the assisted swarojgaris was in favor of the most vulnerable groups, such as scheduled tribes and scheduled castes, which accounted for nearly half of the assisted swarojgaris in 2007-08. Women accounted for 66 percent, disabled two percent and minorities 8.4 percent. The relatively small number of assisted swarojgaris indicates the modest scale of the programme when compared with the huge rural workforce in need of livelihoods outside agriculture. Nevertheless, the programmer has been able to create a productive base among the most disadvantaged persons in rural areas. The efficacy of SGSY could be improved in the years ahead if its experiences are reviewed, lessons are drawn for the future and it is appropriately restructured. The MoRD proposal for universalizing the SHG coverage of all poor households by 2013 and increasing the proportion of assisted persons among swarojgaris to 50 percent from the existing 22 percent is a welcome initiative in this direction (MoRD, Poverty Eradication in India by 2015, Government of India, and 15 November 2008).

3.2 Performance of SGSY

The experiences of some states show that with proper institutional architecture, the SHG mode of collective action by the poor from the primary level (SHGs at village level) to the district level (SHG federations) has been successful in mobilizing the poor. SHG federations and their supporting institutions also facilitate more effective interaction with the government and banking agencies. In many states, in the absence of appropriate pro-poor institutions, SHGs are unable to achieve upward mobility with their own initiatives. Further, poverty-reduction programmers such as SGSY often end up in the poor becoming dependent on the government or other external interventions. The test of empowerment of the poor lies in their ability to utilize effectively the programmers meant for their development. Such programmers, collectively, should operate like a conveyor belt receiving the hardcore poor at one end and releasing the empowered poor at the other end.

Results of the evaluation of the SGSY (Planning Commission, Mid-Term Appraisal of 10th Five Year Plan 2002-07, Government of India, 2005) show inadequate infrastructure and insufficient capacity building as main constraints. Most of the factors responsible for its poor performance relate to weaknesses in delivery systems. Cluster approach has also been a non-starter in many of the states. DRDAs and the line departments of most of the state governments have failed in providing non-credit inputs to the swarojgaris. Above all, the building up of a gender perspective in the programme has been conspicuously absent in many parts of the country. While the proportion of about 15 percent of funds earmarked for infrastructure development may not be small, it is the total budgetary allocation made and the funds made available for the scheme which appears to be too meager. The budgetary allocation to SGSY will have to be increased and utilized efficiently if a significant impact on poverty is to be made. The utilization of six per cent to seven per cent for training and capacity building falls short of the target of 10 per cent. Funds for training and capacity building should be substantially raised along with larger budgetary allocations for the SGSY as a whole.

The performance of SGSY was unsatisfactory in the states with a high incidence of poverty such as Assam, Madhya Pradesh, Orissa, Jharkhand, Chattisgarh, West Bengal, and Bihar. The constraints underline their poor performance mostly relate to the delivery system. In most of the above States, functionaries of DRDAs and BDOs did not possess adequate knowledge of the programme and also banks had little interest in it, line departments were hardly involved in planning, implementation, and monitoring of the programme (Purushotham, 2008 op cit). Consequently, very few swarojgaris could avail adequate level of bank credit for investment. For instance, bank credit in Assam was as low as Rs.665 per swarojgari. The poor performance of SGSY in East and North-east can be seen in Table 1.4. In East and North-East, the credit disbursed as a proportion of credit targeted in 2007-08 was low at about 40 percent as against to the all India's 73 percent. Consequently, per swarojgari investment (credit plus subsidy) was low at Rs. 19,700. The Ministry of Rural Development sponsored a study on "Evaluation of Functioning and Implementation of SGSY", though dated, brings out a number of deficiencies in the delivery system

3.3 Need for Restructuring SGSY

The experience of the SGSY brings out that with the best of the efforts in social mobilization, organizing SHGs, building up their capacities and putting in place effective federal organizations of the poor, even in Kerala and Andhra Pradesh, only about one-fourth of the SHGs could actually undertake self-employment activities. Even among these self-employment activities, the average monthly earnings per swarojgari in better performing states of Andhra Pradesh and Kerala is observed to be as low as Rs. 2,000 per month and there has been an element of self-exploitation among women involved. This draws attention to the fact that poor households depend on multiple sources of income which may include wage-employment and self-employment. Creating high productive self-employment opportunities is not only a time taking process but also such opportunities may not exist in all places. Hence, paying attention to only self-employment as a means of poverty reduction will miss a large proportion of poor households. Therefore, there is a strong case for combining skill-based wage-employment with self-employment programmes. SGSY should be restructured so as to include training in skills which enables placement-based wage-employment, in addition to generating self-employment.

3.4 Role of Institutions and Innovations in SGSY

Performance of SGSY shows wide variations across the regions of the country which falls into three broad patterns. One is the successful implementation of SGSY through rapid expansion of SHG formation and effective bank-linkage as in the Southern region. The second pattern, as in the case of North-East, is poor performance due to very tardy progress in group formation, a large number of blocks being devoid of any bank branches and lack of initiatives in utilizing the potential community-based organizations as financial intermediaries. The third pattern is the limited and halting expansion of SHGs, the inadequate spread of banking facilities resulting in low level of utilization of SGSY allocations and the resulting failure to achieve credit targets as in the case of East and Central regions. And the North and West to come close to the last category.

3.5 Role of Institutional Architecture

The remarkable progress in the formation of SHGs of the poor and linking them effectively to bank credit in the South, particularly in Kerala, Andhra Pradesh and Tamil Nadu, owe a great deal, among other things, to two institutional innovations viz. the establishment of a 'State-level umbrella agency' to engineer social mobilization of the rural poor by organizing them into SHGs along with building up their economic capacity, and second, the evolution of a federal structure for SHGs enabling them to function as sustainable self-managing organizations of the poor. In redesigning the SGSY the experiences of Kudumbasree in Kerala and the Society for Elimination of Rural Poverty (SERP) in Andhra Pradesh would be of considerable help. Following is a brief description of the institutional architecture and the resulting innovations that have facilitated rapid progress in the implementation of SGSY with considerable internal flexibility built into the programme.

3.6 National Mission

The Committee recommends setting up of National Rural Livelihood Mission (NRLM) for the management of the National Rural Poverty Elimination programmer. The main objectives of the Mission should be

- a) To promote state-level autonomous umbrella agencies by the state governments for providing institutional support for poverty elimination programmers. The NRLM should coordinate with the state agencies in implementing pro-poor programmers
- b) The NRLM should provide professional and technical support to the state agencies by seeking out and disseminating pro-poor technologies and institutional innovations through research and development. The NRLM should facilitate linkages between the state agencies and the national centers of excellence like National Institute of Design (NID), National Dairy Development Institution (NDDI), Central Food Technology Research Institute (CFTRI), etc., in evolving appropriate designs, technologies and strategies that could be adopted by the organizations of the poor.
- c) The NRLM should study the best practices across the country and support replication of the same in other parts whenever appropriate.
- d) The NRLM should develop suitable modules of training and capacity building of functionaries of the institutions of the poor as well as the agencies, including banks, participating in the poverty elimination programmers and disseminate the same to state agencies.
- e) The NRLM should also serve as a national agency for the analysis of the impact of macroeconomic policies on the poor and provide the same period to the appropriate policy-making authorities.
- f) The NRLM, besides getting regular monitoring and evaluation as well as impact assessment of the poverty elimination programmers, should also build up a data bank and information system for the restructured poverty elimination programmer.

3.7 Drawbacks of SGSY

Training Swarojgaris: The central element of the SGSY programmer is to mobilize the poor into self-help groups and impart training and extend continuous handholding till swarojgaris escape poverty. The approach and methodology of training vary among the various components of the programmer. While social mobilization requires training in social engineering, strengthening of livelihoods requires technical skills.

The training and capacity building involves coverage of a large number of SHGs during the Eleventh Five Year Plan period. Further, a large number of poor quality and defunct SHGs need to be retrained. This will be a stupendous task. In the past, under SHG-Bank Linkage programmer of NABARD, social mobilization of the poor was entrusted to competent NGOs. Although the efforts of NABARD were successful to a large extent, their coverage was limited. More or less similar approach was adopted by DRDAs under SGSY without ascertaining either the quality of NGOs or their capabilities for social mobilization. NGOs are paid Rs. 10,000 for the formation of an SHG as an incentive as well as for meeting the costs incurred by them for group formation and training. Evidence suggests that in terms of the extent of coverage and quality of training, much needs to be desired. It should be recognized that given the numbers involved, external agencies will not be able to meet the challenge. Some new initiatives that are emerging from the poor in the form of Self Help Poor Institutions (SHPI) hold promise for providing training to a large number of SHGs.

Training Functionaries of Delivery System: There is also a need to sensitize and train a broad range of stakeholders including various levels of functionaries in Banks, Government Organizations, Non-Governmental Organizations, Community Leaders, etc. Presently, DRDAs are involved in organizing training programmers to functionaries of the delivery system. Since the DRDAs neither possess adequate training infrastructure nor the required technical expertise, the training programmers have not achieved the desired results.

4. Conclusion

The performance of SGSY was very uneven across the regions in the country. Performance of SGSY was unsatisfactory in many of the states in India. Inadequate infrastructure and the insufficient capacity building is the main constraint of SGSY. Most of the factors responsible for its poor performance relate to weaknesses in delivery systems. In India, the success and failure of SGSY are not only in the hand of government (central and state) but also in the hand of local bodies, SHGs, and Banks who are directly and indirectly related with the SGSY scheme.

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Statement of authorship

The author(s) have a responsibility for the conception and design of the study. The author(s) have approved the final article.

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